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Message Text

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71
ACTION EUR-25

INFO OCT-01 EA-11 ISO-00 AF-10 AID-20 CIAE-00 COME-00

EB-11 FRB-02 INR-10 NSAE-00 RSC-01 TRSE-00 XMB-07

OPIC-12 SPC-03 CIEP-02 LAB-06 SIL-01 OMB-01 NSC-10

SS-15 STR-08 CEA-02 L-03 DODE-00 PA-03 USIA-15 PRS-01

DRC-01 /181 W
---------- 002624
R 031430Z OCT 73
FM AMEMBASSY ROME
TO SECSTATE WASHDC 1117
INFO AMEMBASSY BERN
AMEMBASSY BONN
AMEMBASSY BRUSSELS
USMISSION EC BRUSSELS
AMEMBASSY THE HAGUE
AMEMBASSY LONDON
AMEMBASSY OTTAWA
AMEMBASSY PARIS
USMISSION OECD PARIS
AMEMBASSY STOCKHOLM
AMEMBASSY TOKYO

UNCLAS ROME 10584

E.O. 11652 N/A
TAGS: EFIN, IT
SUBJ: "IL GLOBO" REPORTS US MAY BE READY ACCEPT MULTILATERAL
SETTLEMENT FEATURE OF MONETARY REFORM

1. /SUMMARY./ ARTICLE BY ENRICO MORELLI IN ROME FINANCIAL DAILY
"IL GLOBO" OCTOBER 3 REPORTS US MAY BE ABOUT READY TO ACCEPT
ITALIAN PROPOSAL FOR IMF SUBSTITUTION FACILITY AS PART
OF REFORM OF INTERNATIONAL MONETARY SYSTEM. ITALIAN PROPOSAL
IS DESCRIBED AS CONSISTING OF CONSOLIDATION ACCOUNT WHICH WOULD
ACCEPT EXCESS DOLLARS FROM SURPLUS COUNTRIES WITH PAYMENT TO THEM
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IS SDR'S. FUND WOULD THEN TRANSFER DOLLARS TO US IN RETURN

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FOR PRIMARY RESERVES OR WOULD INVEST DOLLARS IN US FINANCIAL MARKETS. /END SUMMARY/.

2. MORELLI CLAIMS US DELEGATION AT NAIROBI LISTENED TO GOVERNOR CARLI'S SUGGESTIONS WITH "LITTLE INTEREST" BUT THAT UNDER SECRETARY VOLCKER SUBSEQUENTLY HAD SECRET TWO-HOUR MEETING ON SEPTEMBER 25 WITH BOI VICE DIRECTOR GENERAL OSSOLA TO EXPLORE IN DEPTH ITALIAN IDEAS. "IL GLOBO" REPORTS US MAY BE PREPARED TO ACCEPT ITALIAN INITIATIVE IN SLIGHTLY AMENDED FORM, CLAIMING THAT ALL OTHER COUNTRIES SUPPORT MULTILATERAL SETTLEMENT APPROACH.

3. ARTCLE SAYS THAT INITIALLY US HAD VIEWED ITALIAN PLAN AS A "MACHIAVELLIAN TRICK" AIMED AT DETHRONING DOLLAR. HOWEVER, LITTLE BY LITTLE, US OFFICIALS HAVE COME TO REALIZE THAT ITALIAN SOLUTION MAY BE BEST AVAILABLE. MORELLI REPORTS THAT SOME VARIATIONS MAY BE REQUIRED IN ITALIAN SOLUTION, ESPECIALLY REGARDING INTEREST RATE TO BE PAYABLE ON SDR'S. WHILE ITALIANS HAD ORIGINALLY SUGGESTED INTEREST RATES CLOSE TO MARKET RATES AND AMERICANS HAD FAVORED ZERO INTEREST RATE, SECREARY SHULTZ DURING NAIROBI PRESS CONFERENCE HAD SAID THAT INTEREST RATE QUESTION WAS "SUBJECT TO NEGOTIATION."BEAUDRY

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Review Event:
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